GBBC Global Blockchain Business Council

JUST THE FACTS

GBBC is a non profit focusing on education, partnerships and standards for the blockchain and digital assets community. GBBC does not lobby

WHAT IS H.R. 5403?

The **CBDC Anti-Surveillance State Act (H.R. 5403)** is a bill that prohibits Federal Reserve banks from issuing or indirectly providing central bank digital currencies (CBDCs) to individuals, aiming to safeguard financial privacy and prevent government surveillance without explicit Congressional authorization. The bill was introduced to the U.S. House of Representatives on September 12, 2023 by House Majority Whip Rep. Tom Emmer (R-MN)

KEY PROVISIONS OF THE BILL

Prohibition on Federal Reserve Banks Offering Services to Individuals

Federal Reserve Banks...

- Cannot offer products or services directly to individuals
- Are prohibited from maintaining accounts on behalf of individuals
- Cannot issue a CBDC or any similar digital asset directly to individuals

Indirect Issuance Prohibition

- The Federal Reserve is also barred from indirectly issuing a CBDC through financial institutions or other intermediaries
- This does not apply to dollar-denominated currencies that are open, permissionless, and private, preserving the privacy of physical currency

Monetary Policy Restrictions

- The Federal Reserve and the Federal Open Market Committee are prohibited from using any form of CBDC to implement monetary policy

Congressional Authorization Requirement

- The Federal Reserve cannot issue a CBDC without explicit authorization from Congress

Treasury Department Restrictions

- The Secretary of the Treasury is similarly restricted from directing the Federal Reserve to issue a CBDC without Congressional authorization

Protection for Privacy

- The bill ensures that any dollar-denominated digital currency must fully preserve the privacy protections of U.S. coins and physical currency

WHAT JUST HAPPENED?

May 23: The U.S. House of Representative passed H.R. 5403. **The House vote was 216-192**

WHAT IS NEXT?

Bill will be referred to the Senate for review by committee